

Rating Rationale

Brickwork Ratings reaffirms rating of 'BWR B+' & 'BWR A4' for Bank Loan facilities aggregating to ₹ 8.59 Cr of Aishwarya Trading Company

Based on annual review, Brickwork Ratings reaffirms the **Ratings**¹ of 'BWR B+' & 'BWR A4' for sanctioned/proposed Bank loan facilities of Aishwarya Trading Company ("ATC" or "the Firm") amounting to ₹ 8.59Cr.

Facility*	Previous Limit (₹ Cr)	Current Limit (₹ Cr)	Tenure	Rating ¹	Previous Rating (October 13)
Fund Based				BWR B+	BWR B+
SOD	7.00	6.00	Long Term	(Pronounced BWR Single B Plus) (Outlook: Stable)	(Pronounced BWR Single B Plus) (Outlook: Stable)
Term Loan	0.60	0.52			
Non-fund Based				BWR A4	BWR A4
BG	0.04	0.07	Short Term	(Pronounced BWR A Four)	(Pronounced BWR A Four)
FLC (Proposed)	-	2.00			
Total	7.64	8.59	INR Eight Crores and Fifty Nine Lakhs only		

BWR has essentially relied upon the audited financial results up to FY14, projections of FY15, and information and clarifications provided by the management of the firm.

The rating factors, inter alia, long track record of the firm, experience of promoters, selling under own brand name of 'Deepak' and reduction in procurement of levy, which might help improving the profits. However, the rating is constrained by low profitability, low bargaining power with customers & suppliers, low networth, high working capital requirement, scarcity of power and seasonality of raw materials.

Background

ATC is a partnership firm established in the year 1981. The firm is involved in the business of rice milling – raw rice, steamed and boiled. Firm has infrastructure including boiler, steamers, dryer, milling and colour sortex machines. Rice sold to Food Corporation of India (FCI) as part of central government's levy procurement has reduced from minimum 75% of the production to 25% of the production in current Financial Year. Rice to Non-FCI customers are sold under the brand name of 'Deepak'.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Financial Performance

The firm's revenue has increased from ₹22.55Cr in FY13 to ₹25.24Cr in FY14. Net profit of the firm in FY14 is ₹0.24Cr and Net Profit margin is 4.08%. Tangible Net Worth of the firm is at ₹1.74Cr in FY14. Unsecured Loans of ₹4.36Cr from Partner's family & relatives is adjusted.

Rating Outlook

The rating reflects the position of the firm in the segment of the industry it caters to. Going forward, ability of the firm to meet its projected revenue & profitability, efficient working capital management, and strengthening its capital structure will be key rating sensitivities.

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